

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1452 – HB 1959

April 11, 2012

**SUMMARY OF AMENDMENTS (013880, 016499):** Amendment 013880 deletes all language after the enacting clause and creates the “Tourism Development Authority Act” which authorizes municipalities and counties to establish a Tourism Development Authority. The authority will be considered a public body acting as an agency of the municipality or county and shall be governed by a board of directors. The authority will have the power to issue bonds, acquire visitor’s centers and other governmentally-owned tourist attractions, acquire greenways and trails, appoint agents and employees, and operate and maintain any property acquired.

Amendment 016499 authorizes the creating municipality or municipalities to establish qualifications for the board members of the authority and the number of board members that must be electors, taxpayers, or residents. The creating municipality or municipalities shall also establish the term of office of each director of the authority. In defining “municipality” the amendatory language excludes Shelby County from the provisions of the bill as amended. The amendment requires that a general law or private act be in place for the allocation of any tax revenue to the authority. The authority must be audited annually by a certified public accountant with the approval and oversight of the Comptroller of the Treasury. All costs associated with the audit of the authority shall be paid by the authority. Each authority shall prepare an annual report of its business affairs and transactions and filed with the governing body of the municipality granting permission to the authority to organize.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Revenue - \$11,530,400

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

**Other Fiscal Impact – Due to multiple unknown factors, a precise fiscal impact to state and local government cannot be determined. Any decrease to state expenditures will depend solely upon an agreement between the state and an authority for acquisitions of state-owned tourism facilities. The provisions of the bill as amended are permissive to local governments.**

Assumptions applied to amendments:

- The language of the bill as amended is permissive to local governments.

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- It is assumed the local government entities choosing to create a Tourism Development Authority will have the ability to appropriate all funds needed for its creation and operation.
- By entering into agreements for the acquisition of visitor's centers and other governmentally-owned tourist attractions, the responsibility of maintenance and operation of the facilities will transfer from the government entity currently owning the facility to the authority.
- In instances where these facilities are owned and operated by the state, transferring the responsibility to the authority will result in a decrease in state expenditures and a corresponding increase in local government expenditures via the authority.
- It is unknown how many state-owned facilities will be acquired by authorities, or the price for the maintenance and operation of any such acquired facilities; therefore, a precise impact to state and local government expenditures cannot be reasonably determined.
- It is assumed the authority acquiring these facilities through purchase, lease, exchange, gift, or otherwise will have the financial means for the facility's operation and maintenance.
- It is further assumed any state agency relinquishing responsibility for the facilities to the authority will agree to all terms and conditions of the transfer of the responsibility.
- According to the amendatory language, board members will not be compensated with the exception of reimbursement of necessary expenses incurred by directors in performance of their duties.
- It is assumed any reimbursement will be accommodated within the existing resources of the authority.
- It is assumed all costs associated with the performance of an annual audit can be accommodated within the existing resources of the authority.
- According to the Department of Revenue, the provision of this legislation regarding the issuance of bonds will not significantly impact the Department.
- According to the Comptroller of the Treasury, any costs associated with audits conducted as a result of this legislation as amended can be accommodated within existing resources without an increased appropriation or reduced reversion.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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